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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

July 29, 2019

The Honorable Ben Carson
Secretary
U.S. Department of Housing
and Urban Development
451 7th Street S.W.
Washington, DC 20410

Dear Secretary Carson:

We are writing to once again request an explanation of the Department of Housing and Urban Development (HUD)'s decision to hire Mr. Eric Blankenstein as Senior Counsel of the Office of General Counsel (OGC) after the revelation of his racist statements and following a damning Inspector General investigation.

On June 27, 2019, we wrote asking a series of questions about your decision to hire Mr. Blankenstein. In that letter, we noted Mr. Blankenstein's history of racist and sexist statements that appeared to have contributed to his recent resignation from the Consumer Financial Protection Bureau (CFPB) just one month prior to his hiring at HUD. We also noted that the CFPB's Inspector General (IG) had initiated an inquiry into Mr. Blankenstein's conduct during his time as the Policy Associate Director for the CFPB's Division of Supervision, Enforcement and Fair Lending. We informed you that we were troubled that someone with Mr. Blankenstein's stated views had been hired to be in a position of influence at an agency overseeing fair access to the credit and mortgage markets.

To understand how HUD hired Mr. Blankenstein for a position of public trust—despite his history and the fact that he was the subject of a pending IG investigation—we submitted a series of questions and requested a response by July 11, 2019. Your Department sent a non-responsive letter to us on July 2, 2019. You declined to answer our questions, claiming instead that HUD typically does not comment on personnel matters and the hiring process for specific individuals. This does not help us fulfill our role in overseeing HUD's execution of its responsibilities.

Since our initial letter, we have obtained and reviewed an alarming report from the CFPB's Inspector General regarding Mr. Blankenstein's conduct at the CFPB. The report found a troubling set of facts and reached a disturbing set of conclusions about Mr. Blankenstein's actions as a Policy Associate Director.¹ It found that he asked a subordinate at CFPB, while she

¹ Report of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, May 7, 2019. On file with the Minority Staff of the United States Committee on Banking, Housing, and Urban Affairs.

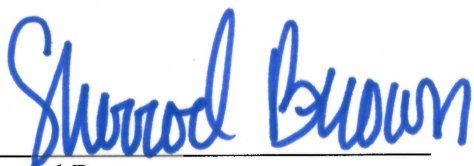
was on leave, to provide a public statement of support amid the controversy of his racist statements. According to the report, the subordinate felt coerced to comply with the request in order to save the CFPB's Office of Fair Lending and Equal Opportunity, which at the time was the subject of a reorganization led by Mr. Blankenstein and other political appointees.² The report concludes that Mr. Blankenstein "may have abused his authority," "may have misused his position for private gain," and "created the appearance of a violation of the Standards of Ethical Conduct for Employees of the Executive Branch."³

The report also reveals that Mick Mulvaney, who hired Mr. Blankenstein at the CFPB, saw the publishing of Mr. Blankenstein's racist writings in the Washington Post as cause for celebration rather than admonishment. According to the IG report, "Blankenstein described his encounter... as Mulvaney giving 'him a high-five that morning in, sort of, celebration of the article that had come out the night before.'" Mick Mulvaney has now been promoted to Acting White House Chief of Staff with influence over the entire Executive Branch. We are concerned that he may have influenced your decision to hire Mr. Blankenstein at HUD in spite of his track record and the IG's conclusions.

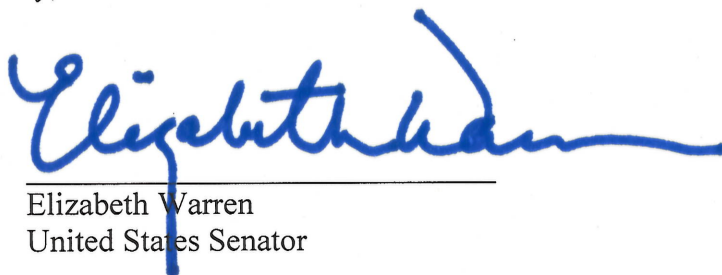
Based on conversations with the IG's office, I understand that HUD officials requested the IG's report prior to its public release and received this report around July 5, 2019. Now that HUD has access to the troubling findings of this report, HUD must not allow Mr. Blankenstein to remain in his job. Continuing to employ Mr. Blankenstein at a high-level position at HUD despite the troubling findings and conclusions of the IG's report would send a disturbing message to your staff and the American people that HUD values protecting political allies over fulfilling the agency's mission of eliminating housing discrimination, that it will shield political allies—including those who abuse their authority over career public servants—from consequences, and that you will hire individuals whose past statements and behavior should disqualify them from the privilege of a prestigious senior appointment.

HUD has an important mission to fulfill. It deserves appointees who uphold and do not undermine the public's trust in that mission. The new information released today in the Inspector General's report provides additional evidence that Mr. Blankenstein is not worthy of an appointment to uphold the public's trust in HUD. You must terminate his employment immediately.

Sincerely,



Sherrod Brown
United States Senator



Elizabeth Warren
United States Senator

² *Id.*

³ *Id.*